

# Underwater Stock Option Services



## Underwater Stock Option Services

Mellon Investor Services has more experience with Stock Option Exchanges than any other agent.

### Related Services

- Information Agent
- Solicitation Agent
- Printing and Logistics
- Communications
- Restricted Stock Transfer Agent
- Administrative Consulting
- Benefits Consulting



**Mellon**

A Wealth of Solutions<sup>SM</sup>

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Sales 888.647.8889

### Regional Offices

Atlanta, Chicago, Dallas, Hartford,  
Los Angeles, New York, Pittsburgh,  
San Francisco, Seattle, St. Louis

Mellon Investor Services provides a comprehensive suite of services for companies faced with employee stock options that are significantly “underwater.” Options are underwater when the option exercise price is higher than the current market price. Options that are significantly underwater fail to achieve the objectives for which they were issued – employee retention and motivation. Many companies address this problem by offering employees the option of exchanging their underwater options for other forms of compensation. Offers might include exchanging existing options for a smaller number of options at a lower strike price or issuing restricted stock or other forms of company equity. Regardless of the type of offer, Mellon Investor Services offers the expertise and services to ensure accurate and timely processing.

### Client Benefits

- *Capability* ~ Mellon Investor Services is the only agent capable of providing both Stock Option Exchange Agent and Information Agent services.
- *Experience* ~ Mellon Investor Services has more experience with Stock Option Exchanges than any other agent and is a leading provider of employee plan services related to options and restricted stock.
- *State-of-the-Art Technology* ~ Mellon Investor Services’ processing system includes a specific exchange module to quickly and accurately handle multiple option grant dates and strike prices.
- *One-Stop Shop* ~ Mellon Investor Services offers customers the only integrated product suite in the market.
- *Flexibility* ~ Mellon Investor Services works with its clients to help define the best processes to meet their goals.

### Services

- *Strategic Consulting* ~ As part of its strategic consulting services, Mellon Investor Services will analyze existing stock plans, define the role and impact of the plans on the overall strategy of the company, and recommend alternatives that will help optimize the company’s equity compensation strategy, taking into consideration current tax benefits and liabilities of each of the alternatives.
- *Administrative Consulting* ~ Once the broad direction is decided, Mellon Investor Services’ experienced implementation consultants will help identify the process that best meets the client’s needs. In doing so, the consultants will take into consideration the client’s objectives, time frame, internal resources and other factors affecting schedule and budget.

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## **Services (continued)**

- *Project Administration* ~ Project Managers from Mellon Investor Services will manage the entire process to ensure timely and accurate implementation with minimal distraction to company resources.
- *Exchange Processing* ~ From design of the processing documents and setting up the tender website or Interactive Voice Response system, to handling and processing employee items and reporting details to the company, Mellon Investor Services' expertise at processing Corporate Actions helps ensure a successful outcome for the event.
- *Employee Communication* ~ Leveraging its communications expertise, Mellon Investor Services will help its clients in communicating the offering to their employees in a way that is clear, concise and helps ensure maximum impact on the employees. Mellon Investor Services will prepare brochures and other communication materials, organize information sessions targeted toward employees and manage a call center to walk employees through the process.

## **Mellon Investor Services**

Mellon Investor Services, a wholly owned subsidiary of Mellon Financial Corporation, is the largest, most experienced shareholder services provider in North America, offering innovative products and services to more than 1,500 companies worldwide. Mellon Investor Services administers more than 22 million shareholder accounts for small, middle-market and *Fortune* 500 companies. Mellon Investor Services was recently named the top transfer agent in the United States in independent research firm Group Five, Inc.'s annual survey of large shareholder service providers.

Mellon Investor Services' industry-leading product suites include Corporate Action Services and Employee Product Administration (stock option and ESPP plans, and restricted stock plans).